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Workers' Compensation Agency



**Michigan Department of
Labor & Economic Growth**



Jennifer M. Granholm, Governor
State of Michigan

David C. Hollister, Director
Department of Labor & Economic Growth

Craig R. Petersen, Interim Director
Workers' Compensation Agency

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Overview

Before 1912, a worker who was injured in the course of his or her employment could sue his or her employer in a civil or “tort” action, which was the same remedy available to a person injured under other circumstances. The tort remedy, however, had certain problems. It required the worker to prove that the injury occurred because the employer was negligent and the employer had three important defenses: (1) that the worker was also negligent, (2) that the worker knew of the dangers involved and “assumed the risk,” or (3) that the injury occurred because of the negligence of a “fellow employee.” Under this system it was very difficult for workers to recover against their employers. If they did win, however, they could receive virtually whatever damages a jury wanted to give them.

In 1912 Michigan, along with most other states, adopted a Workmen’s Compensation Act. The new remedy was essentially a “no-fault” system under which a worker no longer had to prove negligence on the part of the employer, and the employer’s three defenses were eliminated. The intent of the new law was to require an employer to compensate a worker for any injury suffered on the job, regardless of the existence of any fault or whose it might be.

In return for this almost automatic liability, the Act limited the amount that a worker could recover. Workers are now entitled only to (1) certain wage loss benefits, (2) the cost of medical treatment, and (3) certain rehabilitation services. Recovery under workers’ compensation is limited to these three areas, no matter how serious the injury.

Nearly all employers in Michigan are covered by workers’ compensation. This includes both public and private employers. In fact, when talking about workers’ compensation, it is easier to discuss the exceptions. There are a few classes of workers who are covered by federal laws and are not covered by the Workers’ Disability Compensation Act of Michigan. Employees of the federal government (such as postal workers, employees at a veterans administration hospital, or members of the armed forces) are covered by federal laws. People who work on interstate railroads are covered by the Federal Employers Liability Act. Seamen on navigable waters are covered by the Merchant Marine Act of 1920, and people loading and unloading vessels are covered by the Longshoremen’s and Harbor Workers’ Compensation Act. Virtually all other workers and employers are subject to Michigan’s law.

Certain very small employers are exempt. If a private employer has three or more employees at any one time, or employs one or more workers for 35 or more hours per week for 13 or more weeks, the employer is subject to the Workers’ Disability Compensation Act (Section 115).

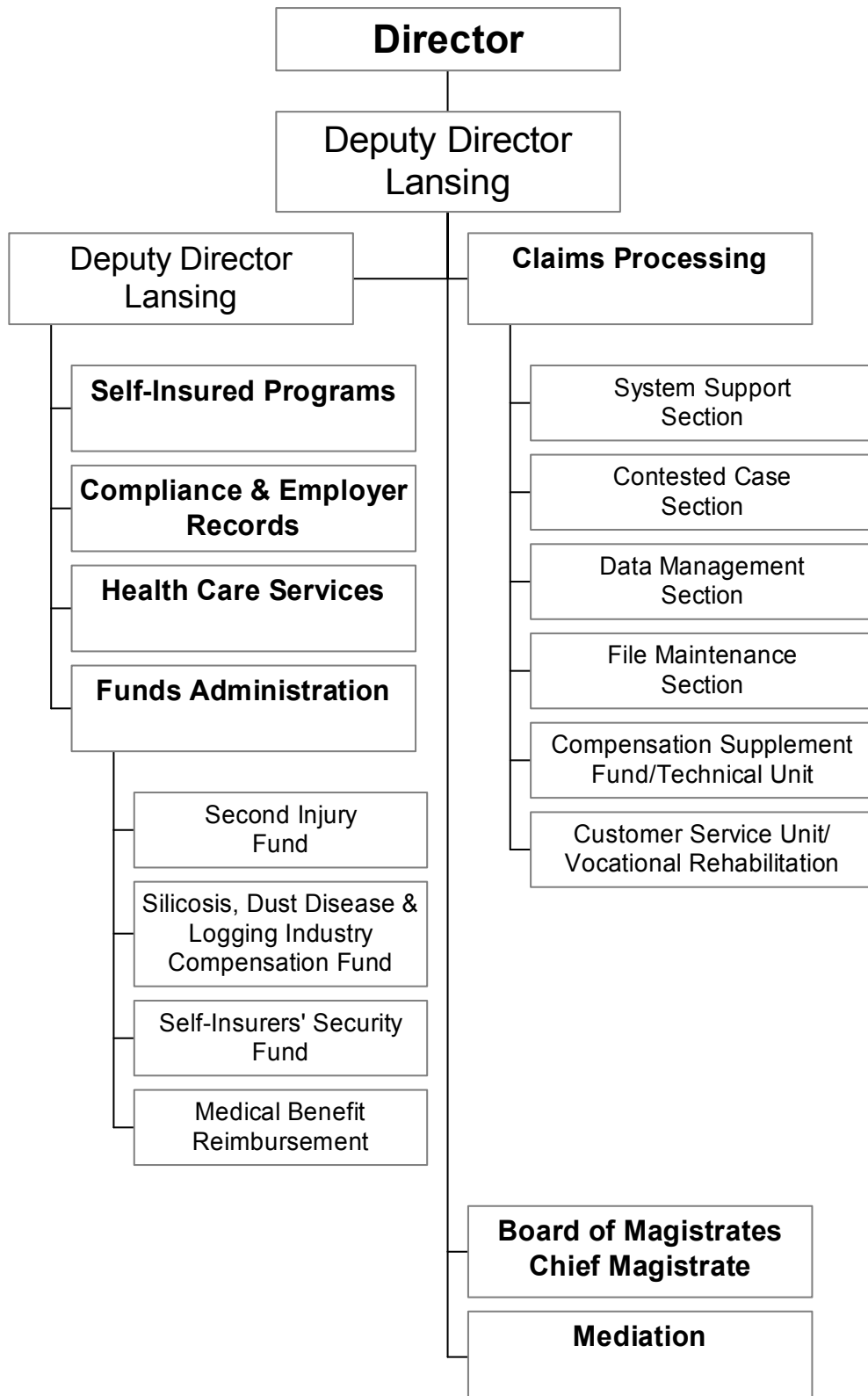
2003 Highlights

- ◆ New hearing site location for the agency's Mount Clemens office.
- ◆ Executive order reorganized the department, agency, and appellate commission. A new Department of Labor & Economic Growth replaced the Department of Consumer & Industry Services. The Bureau of Workers' & Unemployment Compensation was split up into three separate agencies, including the Workers' Compensation Agency (WCA). The former Workers' Compensation Appellate Commission was abolished and a "new" five (5) member commission was created. The Workers' Compensation Qualifications Advisory Committee was expanded to ten (10) members, and its' role in the workers' compensation system broadened.
- ◆ Statewide implementation of mediation teleconferences on litigated cases involving unrepresented claimants.
- ◆ Electronic Data Interchange (EDI) for the Compensation Supplement Fund was implemented in December of 2003. Carriers are now able to electronically submit Applications for Reimbursement (Form 114).
- ◆ The Funds Administration/ Self-Insurers' Security Fund assumed responsibility of all workers' compensation claims of National Steel, Great Lakes Division.
- ◆ New digital court reporting systems were installed throughout the state to provide a more cost effective way of handling the court reporting responsibilities of the agency.
- ◆ All Form 104B applications involving health care disputes are handled via teleconference, thus saving all parties the time and expense of traveling to the various hearing sites.

What to look for in 2004

- ◆ New hearing site location for the agency's Lansing office.
- ◆ Implementation of EDI for Proof of Coverage. The Compensation Advisory Organization of Michigan (CAOM) will electronically submit coverage data to the WCA based on information they receive from the carriers.
- ◆ Establishment of a Workers' Compensation Agency Advisory Committee to review the workers' compensation system and make recommendations.
- ◆ Three customer surveys regarding 1) the telephone facilitation of Form 104B applications filed by health care providers; 2) the mediation teleconferences of Form 104A applications filed by unrepresented, injured workers; and 3) an assessment of the demographics of the current provider population treating Michigan's injured workers.
- ◆ Establish and appoint commissioners to a "new" Workers' Compensation Appellate Commission.

Organizational Chart



How to Contact Us

The agency is located at:

Michigan Dept. of Labor & Economic Growth
Workers' Compensation Agency
7150 Harris Drive
P.O. Box 30016
Lansing, Michigan 48909

Telephone (toll free): 888-396-5041

Website address: www.michigan.gov/wca

Office Locations

| LOCATION | ADDRESS | Telephone # |
|----------------------|---|---|
| Ann Arbor | 2117 W. Stadium, 48103 | (734) 665-9616 |
| Detroit | Cadillac Place, Ste. 3-700 3026 West Grand Blvd P.O. Box 02989, 48226 | (313) 456-3650 |
| Escanaba | State Office Building 305 Ludington, 49829 | (906) 786-2081 |
| Flint | Bristol West Center, Ste. 110 G-1388 W. Bristol Rd., 48507 | (810) 760-2618 |
| Grand Rapids | 2942 Fuller Street NE, 49505 | (616) 447-2680 |
| Kalamazoo | 940 N. 10 th Street, 49009 | (269) 544-4440 |
| Lansing | 2501 Woodlake Circle, Okemos P.O. Box 30016, 48909 | (517) 241-9380 |
| Mt. Clemens | Clemens Center 32 Market Street, 48043 | (586) 463-6577 |
| Pontiac | 28 N. Saginaw, NBD Building Suite 1310, 48342 | (248) 334-2497 |
| Saginaw | State Office Building 411-K E. Genesee, 48607 | (989) 758-1768 |
| Traverse City | Grand View Plaza, 3 rd Floor 10850 Traverse City Hwy., 49684 | (231) 922-5430 (906) 786-2081 (Escanaba) |

Administration

The mission of the Workers' Compensation Agency is to administer the Workers' Disability Compensation Act of 1969, as amended, in order to facilitate timely benefit payments to injured employees at a reasonable cost to employers. To this end we dedicate ourselves to carry out this responsibility and to serve the public promptly, courteously, and impartially.

Goals:

- ◆ Ensure that employees that have suffered a work-related injury or occupational disease are provided correct wage loss replacement, medical and vocational rehabilitation services during periods of incapacity, and that these benefits are paid timely and accurately.
- ◆ Provide leadership to carry out a legislative agenda for more efficient regulation and delivery of workers' compensation benefits.
- ◆ Provide an informal and formal dispute resolution process for employers, insurance carriers, injured workers, and health care providers.
- ◆ Monitor medical care providers' compliance with the agency's Health Care Services Rules (cost containment fees) to ensure that the cost of providing health care services remains reasonable and that injured workers have access to quality health care statewide.
- ◆ Monitor the financial position of all individual and group self-insureds to ensure their ability to meet future payment of benefits on a timely basis.
- ◆ Maintain a historical insurance coverage record system for the more than 200,000 employers subject to the Workers' Disability Compensation Act.
- ◆ Monitor and enforce employers' compliance with the requirements for insurance coverage.
- ◆ Ensure carrier and employee rights to benefits or reimbursement, within Chapter 5-Funds of the Workers' Disability Compensation Act, are determined and paid in a timely and accurate manner.

There are several ongoing projects that not only cross divisions to affect the entire agency but will positively impact the agency's ability to provide information in a timely manner. In 2003, Michigan implemented Electronic Data Interchange (EDI) standards for the Compensation Supplement Fund, and we are currently working on EDI for insurance coverage forms. Once that is completed, programming for claims will begin. This will allow carriers, self-insureds and third party administrators (TPAs) to file their forms electronically.

The Workers' Compensation Agency has a website which contains a variety of information about the agency, the Board of Magistrates and the Workers' Compensation Appellate Commission. The address is www.michigan.gov/wca.

Claims Processing

The Claims Processing Division maintains a current and historical claims/case records system. Its objective is to ensure that employees that have suffered work related injuries are provided correct wage loss replacement and that both voluntary claims and litigated cases are processed in a timely manner.

This division performs a wide variety of functions relating to workers' compensation claims. The program is broken down into six major sections:

- , *Compensation Supplement Fund.* The Compensation Supplement Fund was established to provide a cost-of-living adjustment to workers who were injured between 9/1/65 and 12/31/79. The staff reviews and processes all applications for reimbursement, which are submitted by carriers on a quarterly basis. In 2003, the Compensation Supplement Fund reimbursed 3,605 claims, including \$929,004.93 in payments and \$5,950,975.71 in Single Business Tax Credits, for a total of \$6,879,980.64. The section is also responsible for collecting and auditing all redemption fees. In 2003, \$2,214,927.10 in Redemption Fees was collected and processed.
- , *Contested Case/Customer Support.* The Contested Case staff screens and data enters all applications for mediation or hearing, creates case files, schedules and mails out notices for the initial magistrate pre-trial or mediation hearing, handles all mail related to litigated cases, and data enters and mails orders, voluntary pay agreements and memoranda issued by magistrates and mediators. The Customer Support staff is responsible for answering the agency's toll-free telephone number and also responding to general correspondence and other inquiries. In addition, the staff handles all first-level Health Care Service Rule hearings via teleconference.
- , *Data Management.* The Data Management section is responsible for reviewing, evaluating and data entering all claims forms required by the statute. The staff also manually audits all opinions, orders and voluntary pay agreements as well as certain forms that cannot be audited by the system. In addition, this section is responsible for microfilming all agency mail.
- , *File Maintenance.* The File Maintenance staff prepares all agency mail for microfilming (which includes automatic date stamping). The preparation includes opening, sorting, screening, and matching agency forms and correspondence. In 2003, the section processed 348,702 forms and correspondence relating to claim/case records and 310,352 forms and correspondence relating to insurance records. This section is also responsible for housing and maintaining workers' compensation cases that are in open payment status. In addition, the staff prepares closed files for Records Center and recalls them when necessary. In 2003, 22,179 claims/cases were retired.

- , *Systems Support.* The Systems Support staff is responsible for overseeing the agency's automated system, including scheduling of all mainframe jobs, creating and running all ad hoc reports, identifying and working with the programmers to fix all system problems, and designing and developing new applications.
- , *Vocational Rehabilitation.* This section is responsible for ensuring that employers provide rehabilitation services according to the provisions of the Act and that the injured employees accept such services. The staff provides information and assistance to all parties, approves rehabilitation facilities, monitors ongoing rehabilitation programs, and conducts periodic training seminars.

Mediation

The purpose of mediation is to resolve cases between employers and employees in an informal setting. Intervention of a mediator in a claim before it becomes a formal dispute could resolve claims short of costly litigation. These individuals are available to answer questions and try to assist workers, employers, insurance carriers, and health care providers in resolving problems without the necessity of going through the formal litigation process.

Mediation conferences are held by two methods: in person or by teleconference. Conferences held by mediators:

Statutory Mediation. Section 223 of the statute provides for mediation in specific cases being disputed. They are: all applications for hearing filed by an injured employee without an attorney, all medical only disputes, all closed periods of disability being alleged and any other disputes that the agency believes would be assisted by mediation. In 2003 the agency mediators resolved 1,628 claims (50%) and transferred 1,635 claims to the assigned magistrate for a formal hearing (50%).

, *Vocational Rehabilitation Director Hearings.* Disputes concerning vocational rehabilitation are referred first to mediators as the director's representative. The goal of the mediator in a vocational rehabilitation hearing is to attempt to facilitate a voluntary agreement between the parties as to the most appropriate course of vocational rehabilitation for the injured worker. In 2003, 278 applications for hearing on vocational rehabilitation issues were set before the mediators. Mediators wrote orders or memorandums on 42 vocational rehabilitation cases and resolved 81 to magistrates for redemption.

, *Magistrate Referral Mediation.* These are cases on the magistrates' dockets that they believe mediation would be helpful in resolving the disputed claim. If the matter is not resolved before the mediator, then the claim goes back before the assigned magistrate for a hearing and decision.

Compliance and Employer Records

The Compliance and Employer Records Division works to ensure that all employers subject to the Michigan Workers' Disability Compensation Act have complied with the requirements by securing workers' compensation coverage either through a policy of insurance or through approved self-insured authority.

The division maintains the current and historical record system for over 200,000 employers. This includes coverage records on self-insurers, employers with insurance, and employers who have excluded themselves from the Act. In addition, this division has the responsibility to enforce employers' compliance with insurance requirements of the statute.

The major objectives of this program are:

- , To keep an accurate insurance coverage record;
- , To identify the responsible insurance carriers for employers listed on applications for mediation or hearing;
- , To communicate with those employers who fail to maintain insurance coverage, using the civil process to enforce such compliance if the employer fails to comply even after being advised of the requirements of the statute by division staff.

Since 1983, workers' compensation insurance premiums in Michigan have been set in the marketplace. This means that different insurance companies charge different premiums. Research done by the Insurance Commissioner suggests that employers should "shop around" for the best deal on insurance. All workers' compensation insurance policies provide the same coverage. However, some cost more than others and some companies provide more services than others. Employers should shop for the best price and the most service from their workers' compensation insurance company.

In addition, the agency has been penalizing employers when they allow their workers' compensation coverage to lapse. During 2003, the agency collected \$242,870 in fines as a result of these lapses in coverage.

Self-Insured Programs

The Workers' Disability Compensation Act permits employers to request authority to self-insure and assume responsibility for direct payment of benefits to injured workers. The Act also permits providers of claims adjusting, underwriting and loss control services to apply and be approved by the agency to provide these services to approved self-insurers.

Two types of self-insured authority are permitted in the Act. Individual employers may be approved as self-insured or, two or more employers in the same industry can apply for group self-insured authority. Statutory requirements, administrative rules and agency policy require annual renewal applications and various monitoring and approval tasks throughout the year.

Self-Insured Programs conducts initial regulatory reviews on employer-generated self-insured applications and in the formation of group self-insured programs; provides guidance through the approval, formation, and review process; and issues decisions that detail the required security and exposure limiting devices based on statutory authority and the agency's established policy. Initial and annual regulatory reviews are also conducted on service company applications. The staff works to resolve all issues and disputes generated by self-insured employers by telephone or informal meetings and through the formal hearing process. The section also provides information to the public relevant to self-insured concepts and notifies self-insured employers and other interested parties of changes in statute, administrative rules, and departmental policy.

This division is also the final approval authority in surplus money being returned to the group membership. This process requires the review and assessment of financial statements, actuarial reports and independent claims and audit reports. Surplus return authorizations range between \$35,000,000 and \$90,000,000 annually.

Health Care Services

The Health Care Services Division performs a wide variety of functions mandated in section 418.315 of the Workers' Disability Compensation Act of 1969, as amended. These functions include; (1) Rule Development, Review and Revision, (2) Evaluation, and (3) Information and Education. A brief summary that delineates the responsibilities of each category is below:

- , *Rule Development, Review and Revision.* The Act and the Workers' Compensation Health Care Services Rules identify policies for coverage and reimbursement to health care providers. Health care trends and policies are researched and developed by staff and Health Care Services (HCS) Advisory Committee members in accordance with nationally recognized standards of practice and reimbursement methodologies. Practitioner reimbursement is based upon resource based relative value units (RBRVS). For the year 2003 the rules adopted the 2002 relative value units, using a conversion factor of \$47.01 to determine the maximum allowable payments for medicine, surgery and radiology fees. A public hearing was held in December 2003 regarding proposed changes to the Health Care Services Rules to update practitioner reimbursement by use of the 2003 relative value units and a conversion factor of \$47.77 for the practitioner fees for 2004.
- , *Evaluation.* The evaluation process consists of compiling carrier data and analyzing charges, payments, health care procedures and medical diagnosis. The results of the data analysis are used to decide reimbursement levels, utilization parameters, and level of care diagnosis. Provider and carrier compliance is also monitored through the case samples and other reports provided by carriers. A carrier's professional review process is certified by staff to assure that appropriate medical review criteria are utilized according to Rule requirements. Carriers must also attest that professional review staff are licensed and certified as required by Workers' Compensation Health Care Services Rules.
- , *Information and Education.* Staff responds to numerous telephone and written inquiries for information and clarification of the rules, assists in resolving differences between a carrier and a provider, meets with provider, carrier and employee organizations, professional review companies, attorneys, mediators, magistrates and legislators. Staff also provides educational seminars for providers, carriers and professional review agencies regarding the application of the rules, billing procedures, carrier and provider responsibilities and rights outlined in the rules. Staff also participates on panels and programs on workers' compensation health care.

Funds Administration

The Funds Administration Division, consisting of the Second Injury Fund; Silicosis, Dust Disease and Logging Industry Compensation Fund; and the Self-Insurers' Security Fund is managed by a board of three trustees. Two trustees are appointed by the Governor with the advise and consent of the Senate. One represents employers authorized to act as self-insurers in Michigan and the second represents the insurance industry. The third trustee is the deputy director of the Department of Labor & Economic Growth, whose responsibilities include oversight of the Workers' Compensation Agency.

Responsibilities of the Funds Administration are defined within the Workers' Disability Compensation Act. The applicable sections of the Act are 351, 356(1), 361(3), 372, and 862. The applicable chapters of the Act are 5 and 9.

The Funds Administration is funded 100% by insurers who write workers' compensation policies in the State of Michigan, and employers who self-insure their workers' compensation risks. These assessments cover all benefits paid by the Funds Administration, and all administrative costs. The assessment process was modified effective January 1, 2002, with the enactment of Public Act 718. Although the assessment method has changed, the amount of monies collected remains the same.

The Funds Administration handled approximately 4,729 cases during 2003. At the close of the calendar year, the Funds Administration had 3,230 open files. The total payments for the Funds Administration during 2003 were \$28,515,901. Benefit payments were \$23,797,391, and administrative costs including the costs of litigation equaled \$4,718,510. Complete fiscal and calendar year accounting may be obtained from the Funds Administration office. Detailed information regarding the Funds Administration Division can be found in the Funds Administration Overview located on the Workers' Compensation Agency's web site at www.michigan.gov/wca.

The Medical Benefit Reimbursement Provision [MCL 418.862(2)] is also administered by the Funds Administration. The funds for this provision, however, come through the State of Michigan General Fund.

Board of Magistrates

Section 213 of Public Act 103 of 1985 authorizes the Workers' Compensation Board of Magistrates. By statute, the Board of Magistrates consists of 30 members that are appointed by the governor and confirmed by the senate, and is responsible for hearing and deciding contested cases filed after March 31, 1986. Each magistrate must be a licensed attorney in Michigan, and either pass an exam or have five years of experience in workers' compensation. A magistrate cannot be reappointed after serving a total of 12 years.

Magistrates decide claims at the formal hearing level of the contested claims process of the workers' compensation system. All resolutions require a formal written order or opinion with findings of fact and conclusions of law. Parties to a decision may stipulate to modify or correct a decision within 30 days. Additionally, the board is responsible for hearing any dispute meeting the requirements for the Small Claims Division established under Section 841 of Public Act 103 of 1985.

Crary "Rick" Grattan serves as chairperson of the board. He serves as chair at the pleasure of the governor. Magistrates Brakora and Hedstrom retired, and Magistrate Solomon resigned during 2003. Due to vacancies and leaves of absence, the board consisted of only 24 magistrates to hear and decide cases during most of 2003. Mediator Burden served as a temporary magistrate from October through December 2003 and assisted with resolving cases.

Governor Granholm issued an executive order on October 2, 2003 that reduced the number of magistrates from 30 to 26, and expanded the Workers' Compensation Qualifications Advisory Committee from 6 to 10 members.

The Mount Clemens office moved into its new, more accessible facilities in downtown Mount Clemens during May 2003. The Lansing hearing site currently located in Okemos off the I-96 freeway will be relocating to the Ottawa Towers state office building in downtown Lansing during September 2004.

The pending magistrate caseload decreased slightly during 2003 despite the slumping economy and the reduction in the number of magistrates statewide. The annual number of applications received by the agency on a per-claim basis was down by 1,852 claims from 2002, and this assisted in the stabilization of the pending caseload. During 2003 the pending magistrate caseload increased by 121 statewide.

The board's continuing mission to provide prompt, fair resolution of the contested workers' compensation claims filed with the agency and to render written opinions within 45 days from the closing of the record remains unchanged.

Appellate Commission

The Worker's Compensation Appellate Commission (Commission) is a body of seven attorneys, seated by the Governor with advice and consent of the Senate to serve 4-year terms (3-term limit). Richard B. Leslie was appointed to serve as chairperson in October 2002. The Worker's Disability Compensation Act (Act) MCL 418.101 *et seq.*; provides general policies for administration, gives the chairperson appointing and work assignment authority, grants rule-making authority to the Commission as a body, sets out the scope of review, and provides procedures for employers, employees, insurance carriers, and attorneys seeking review of a hearing officers decision. The primary legal basis for the Commission is found in §274 and §861 of the Act. The currently seated commissioners are: James J. Kent, Marie E. Martell, Gregory A. Przybylo. Winston A. Wheaton, Joy L. Witte, and James Edward Wyszynski, Jr.'s terms expired on October 1, 2003, they were not reappointed and their last day with the Commission was October 25, 2003.

By providing expeditious, impartial and judicial review of contested claims for workers' compensation benefits, the Commission serves to minimize undue monetary suffering of employees and reduce costs to employers in the state of Michigan. Created as an independent body, the Commission has the power and authority to review decisions written and issued by the Workers' Compensation Agency and the Board of Magistrates regarding benefits for work-related disabilities and related issues. The Commission also acts as a buffer to prevent an influx of claims to the state Court of Appeals.

When Decisions issued by the Workers' Compensation Agency and Board of Magistrates are disputed and appealed, the Commission's caseload is created. By law, commissioners are required to review the relevant record of a case, and are expected to publish scholarly and concise opinions that reflect review cases and write dispute-resolving opinions that comply with the requirements set forth in MCL 418.861(a). Decisions on legal points provide guidance to the Agency, magistrates, attorneys, employers, employees, and insurance carriers regarding benefit entitlement and hearing procedures.

For administrative efficiency, the Commission utilizes administrative support staff who assist commissioners by docketing transcripts and briefs, typing and formatting draft and final opinions, and processing routine correspondence, thus ensuring excellence in the final published product, and by providing top-quality customer service. The Commission's support staff was reduced from eleven to six: two departmental analysis, two legal secretaries, and one law clerk. In order to accommodate the reduction in staff duties were distributed among the remaining staff.

The Commission's caseload increased in 2003 to 564 pending dockets. In addition:

- ◆ Commission opinions are published on-line at: <http://www.michigan.gov/wca>.
- ◆ The average "shelf life" of case files (the time span between when a case is ready for review and when it is actually reviewed) was approximately six months.
- ◆ The Commission continues to accept electronic filings, such as, - transcript extensions, brief extensions and motions.
- ◆ The Chair created and maintained a section of website to highlight recent opinions of interest important decisions.

During 2003, the Commission received 506 new claims, a slight decrease from the 560 new claims received in 2002. Including reconsiderations and remands from higher courts, the total incoming caseload was 517 for the year. The Commission published 297 opinions (211 dispositive and 86 non-dispositive). 187 other dispositive actions were processed, consisting of 66 redemptions, 32 withdrawals and 89 orders. 278 non-dispositive orders were issued, for a total production of 762 dispositions.

The caseload is tracked to document the number of perfected appeals (all required transcripts and briefs have been filed). At the beginning of 2003 there were a total of 139 perfected appeals. At the 2003 year-end, the number of perfected appeals increased to 255. The significant increase in perfected appeals is due to the absence of a commissioner for approximately six months, a cut in commissioners from seven to four in October 2003, and uncertainty over the continued existence of the Commission as a functioning state agency.

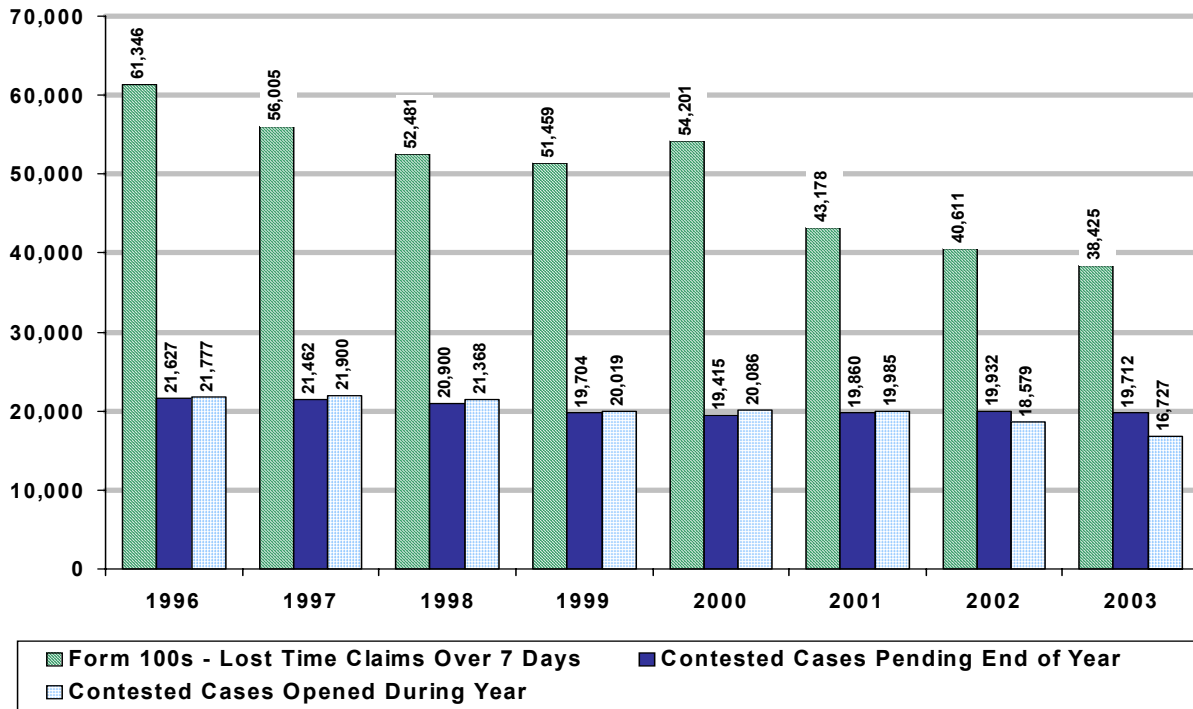
Statistics & Charts

State Average Weekly Wage & Maximum Benefit Amounts
(1982-Present)

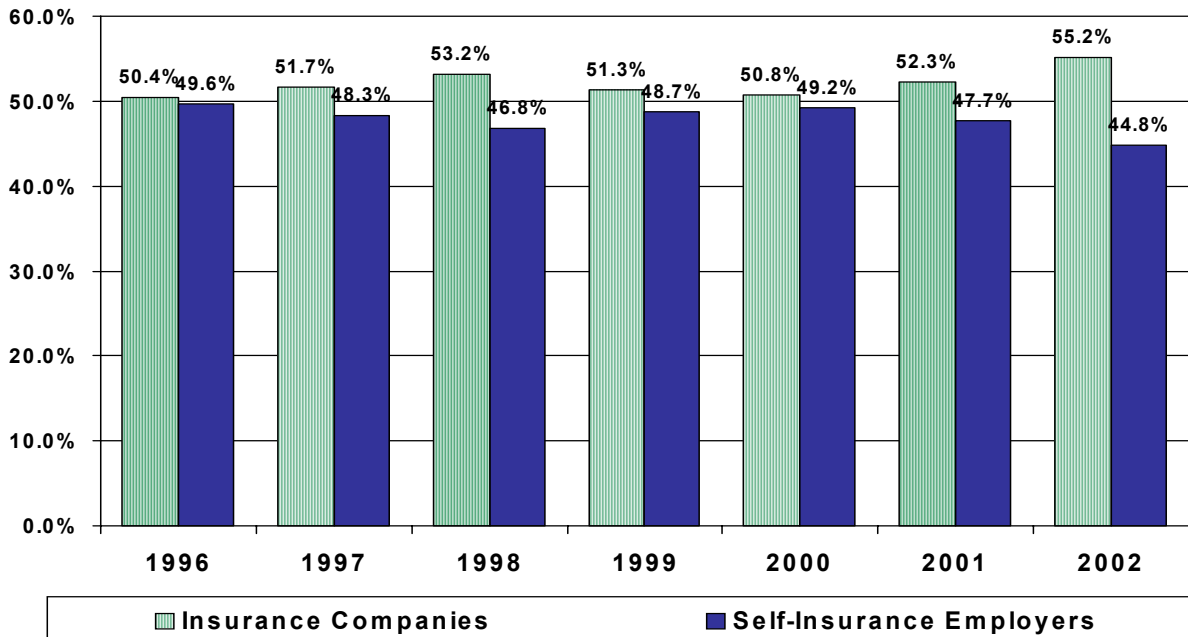
| Year | SAWW | 90% of SAWW (Maximum) | 2/3 of SAWW* | 50% of SAWW (Minimum Benefit for Death Cases) | 25% of SAWW (Minimum Benefit for Specific Loss and T&P) |
|------|----------|--------------------------|--------------|---|--|
| 2004 | \$744.49 | \$671.00 | \$496.33 | \$372.25 | \$186.12 |
| 2003 | \$724.96 | \$653.00 | \$483.31 | \$362.48 | \$181.24 |
| 2002 | \$715.11 | \$644.00 | \$476.74 | \$357.56 | \$178.78 |
| 2001 | \$714.46 | \$644.00 | \$476.31 | \$357.23 | \$178.62 |
| 2000 | \$678.23 | \$611.00 | \$452.15 | \$339.12 | \$169.56 |
| 1999 | \$644.06 | \$580.00 | \$429.37 | \$322.03 | \$161.02 |
| 1998 | \$614.10 | \$553.00 | \$409.40 | \$307.05 | \$153.53 |
| 1997 | \$591.18 | \$533.00 | \$394.12 | \$295.59 | \$147.80 |
| 1996 | \$581.39 | \$524.00 | \$387.59 | \$290.70 | \$145.35 |
| 1995 | \$554.22 | \$499.00 | \$369.48 | \$277.11 | \$138.56 |
| 1994 | \$527.29 | \$475.00 | \$351.53 | \$263.65 | \$131.82 |
| 1993 | \$506.80 | \$457.00 | \$337.87 | \$253.40 | \$126.70 |
| 1992 | \$489.01 | \$441.00 | \$326.01 | \$244.51 | \$122.25 |
| 1991 | \$477.40 | \$430.00 | \$318.27 | \$238.70 | \$119.35 |
| 1990 | \$474.22 | \$427.00 | \$316.15 | \$237.11 | \$118.56 |
| 1989 | \$454.15 | \$409.00 | \$302.77 | \$227.08 | \$113.54 |
| 1988 | \$440.77 | \$397.00 | \$293.85 | \$220.39 | \$110.19 |
| 1987 | \$433.91 | \$391.00 | \$289.27 | \$216.96 | \$108.48 |
| 1986 | \$414.70 | \$374.00 | \$276.47 | \$207.35 | \$103.68 |
| 1985 | \$397.48 | \$358.00 | \$264.99 | \$198.74 | \$99.37 |
| 1984 | \$370.65 | \$334.00 | \$247.10 | \$185.33 | \$92.66 |
| 1983 | \$358.89 | \$324.00 | \$239.26 | \$179.45 | \$89.72 |
| 1982 | \$340.45 | \$307.00 | \$226.97 | \$170.23 | \$85.11 |

- Discontinued fringe benefits may not be used to raise the weekly benefits above this amount. Attorney fees may not be based on a benefit rate higher than this amount.

Claim/Case Trends

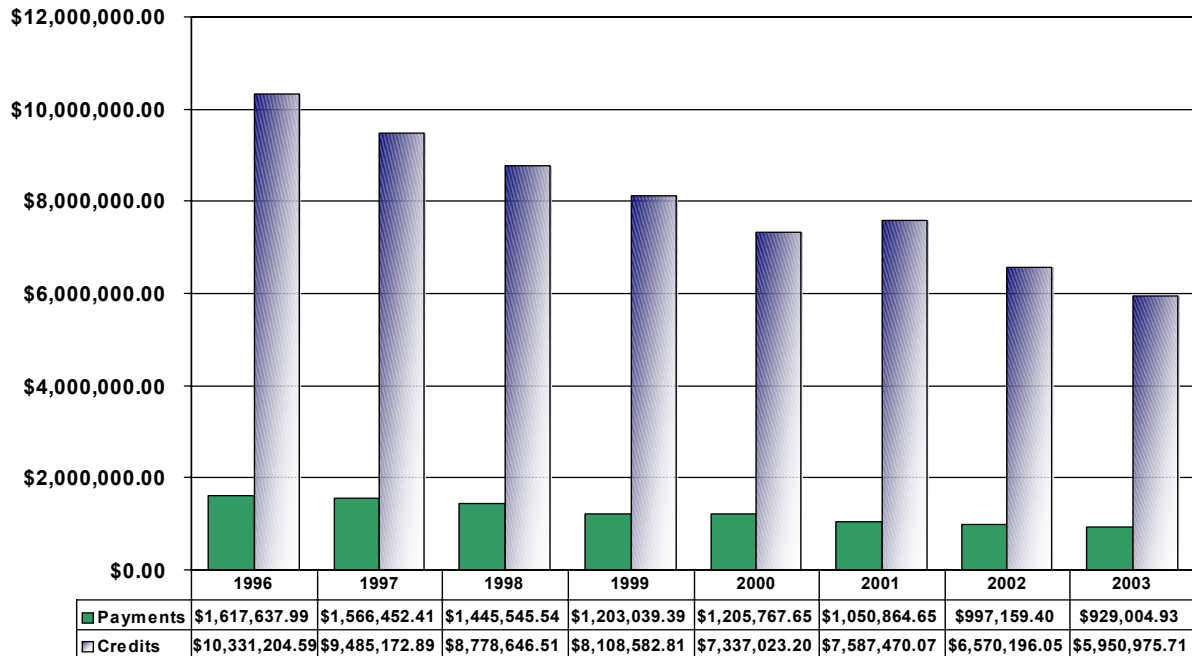


Indemnity Payments

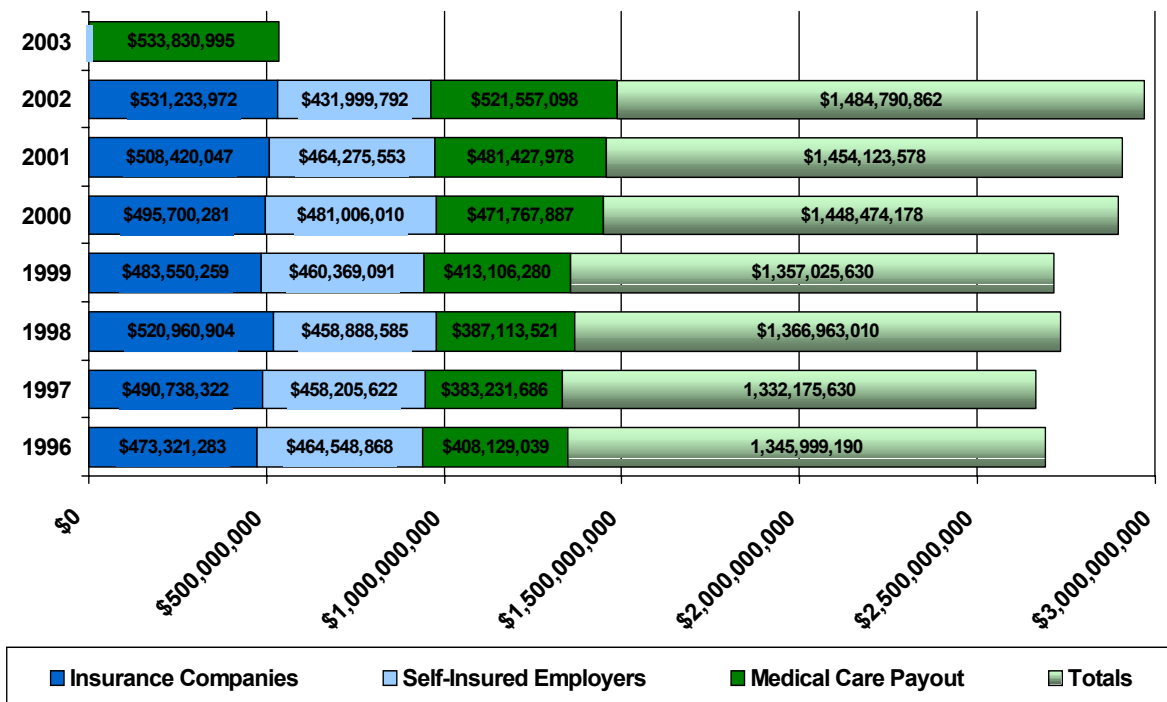


Percentages to complete the above graph are not currently available. This page will be updated to show the Indemnity Payments for 2003 on May 1, 2004.

Compensation Supplement Fund Reimbursements

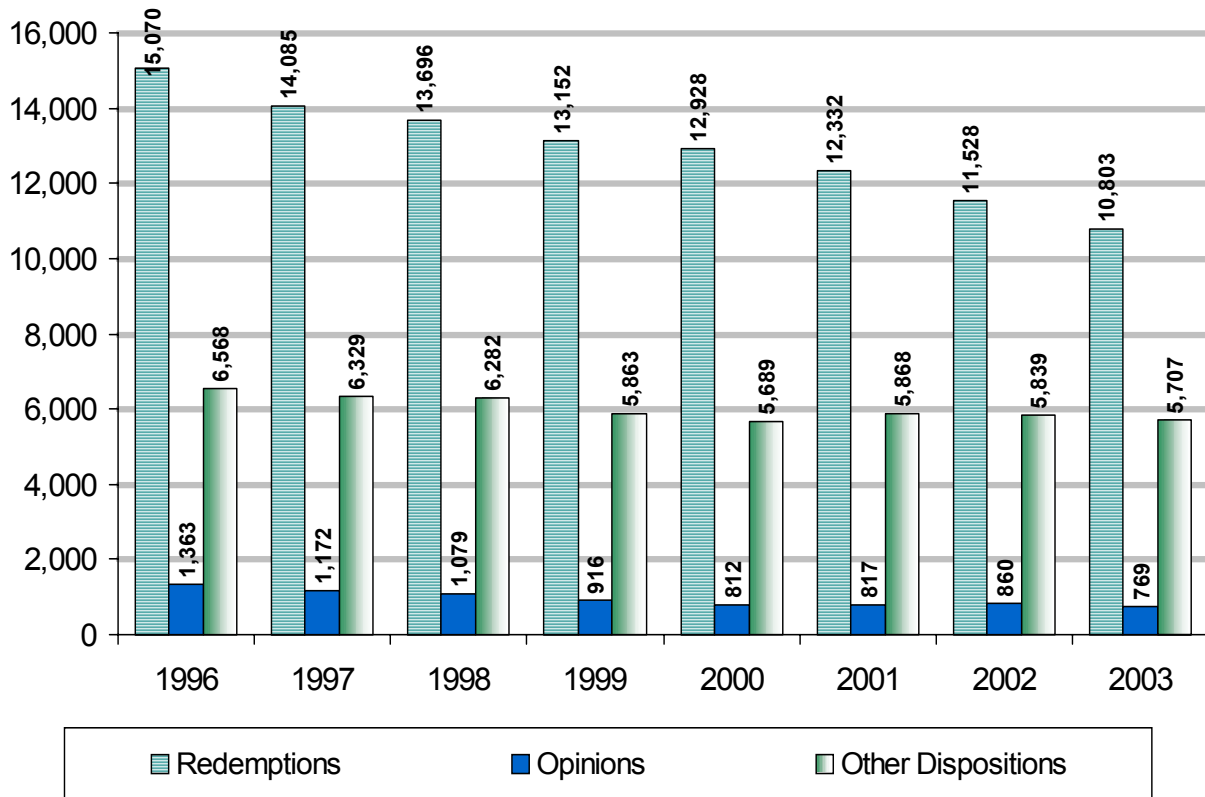


Payout in Workers' Compensation Benefits and Medical Care



Figures to complete the above graph are not currently available. This page will be updated to show the 2003 Payout in Workers' Compensation Benefits and Medical Care on May 1, 2004.

Magistrate Case Dispositions



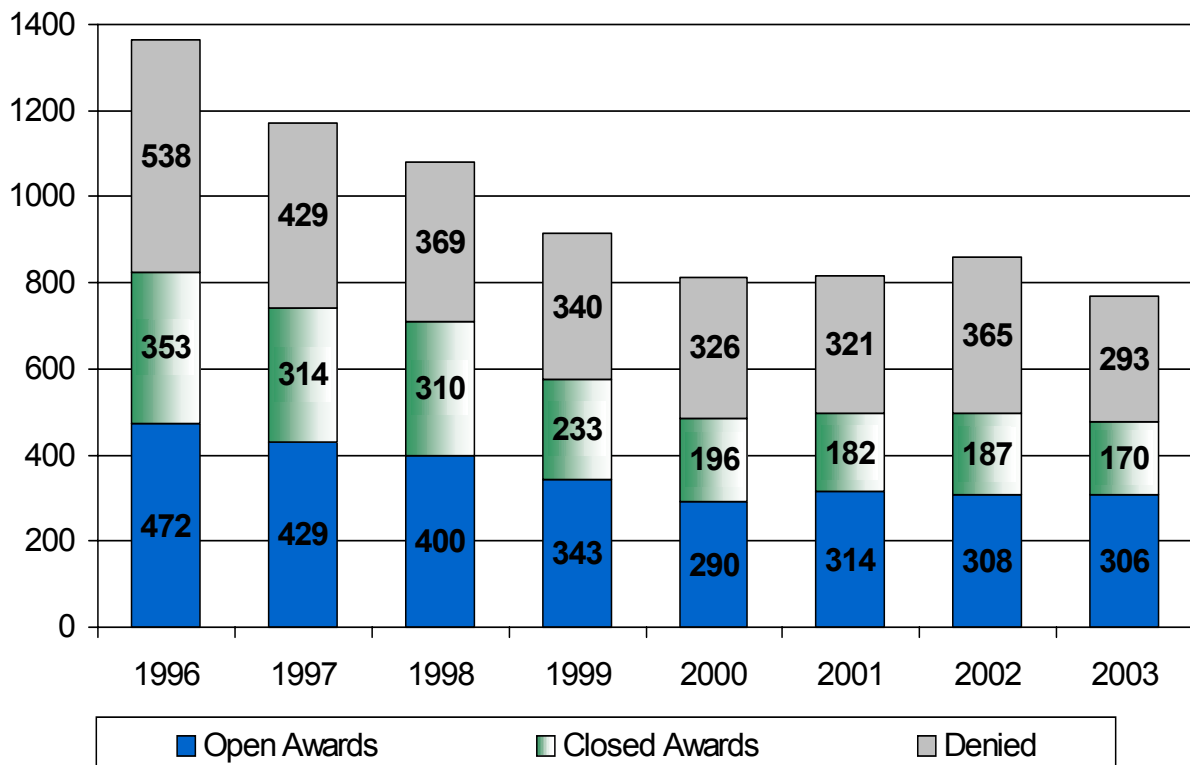
Magistrate Case Dispositions

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Redemptions | 15,070 | 14,085 | 13,696 | 13,152 | 12,928 | 12,332 | 11,528 | 10,803 |
| Opinions | 1,363 | 1,172 | 1,079 | 916 | 812 | 817 | 860 | 769 |
| Other Dispositions | 6,568 | 6,329 | 6,282 | 5,863 | 5,689 | 5,868 | 5,839 | 5,707 |
| Total Dispositions | 23,001 | 21,586 | 21,057 | 19,931 | 19,429 | 19,017 | 18,227 | 17,273 |

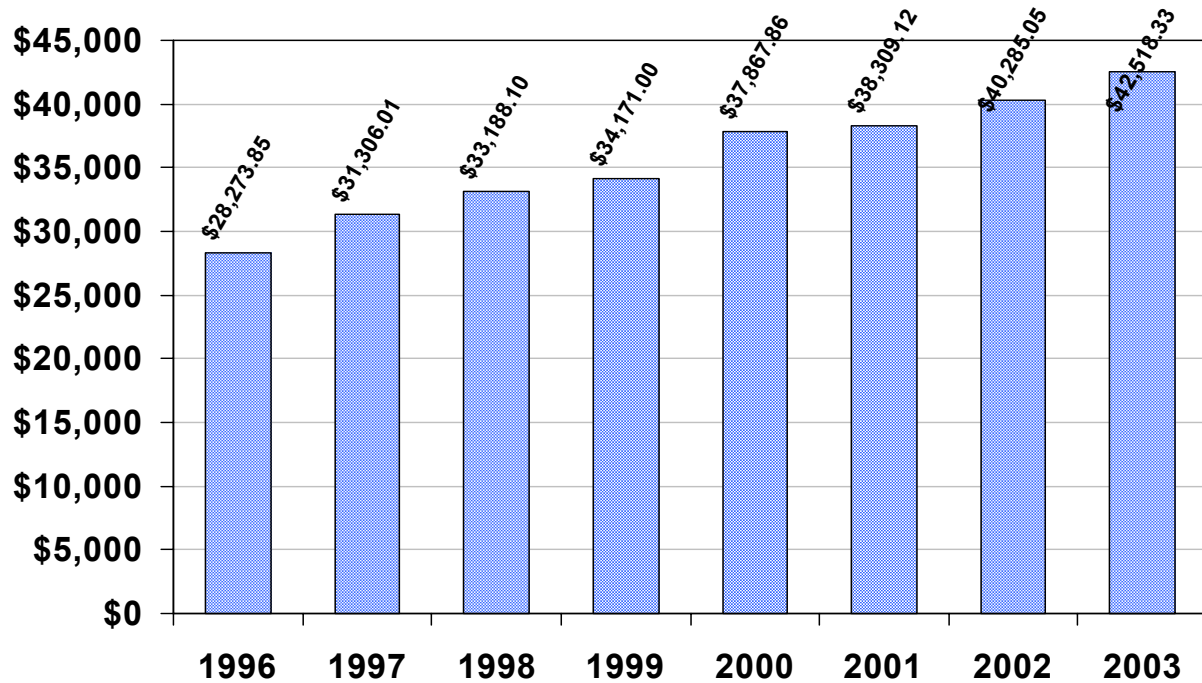
Magistrate Aged Case Distribution Chart

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 0 – 12 Months | 13,152 | 12,785 | 12,502 | 11,831 | 12,698 | 12,999 | 13,533 | 12,742 |
| 13 – 18 Months | 2,677 | 2,619 | 2,622 | 2,406 | 2,466 | 2,745 | 3,190 | 3,370 |
| 19 – 24 Months | 1,155 | 1,104 | 958 | 947 | 761 | 823 | 997 | 1,462 |
| Over 24 Months | 778 | 650 | 484 | 408 | 285 | 160 | 222 | 418 |
| Total Docket Load | 17,762 | 17,158 | 16,566 | 15,592 | 16,210 | 16,727 | 17,942 | 17,992 |

Workers' Compensation Trends



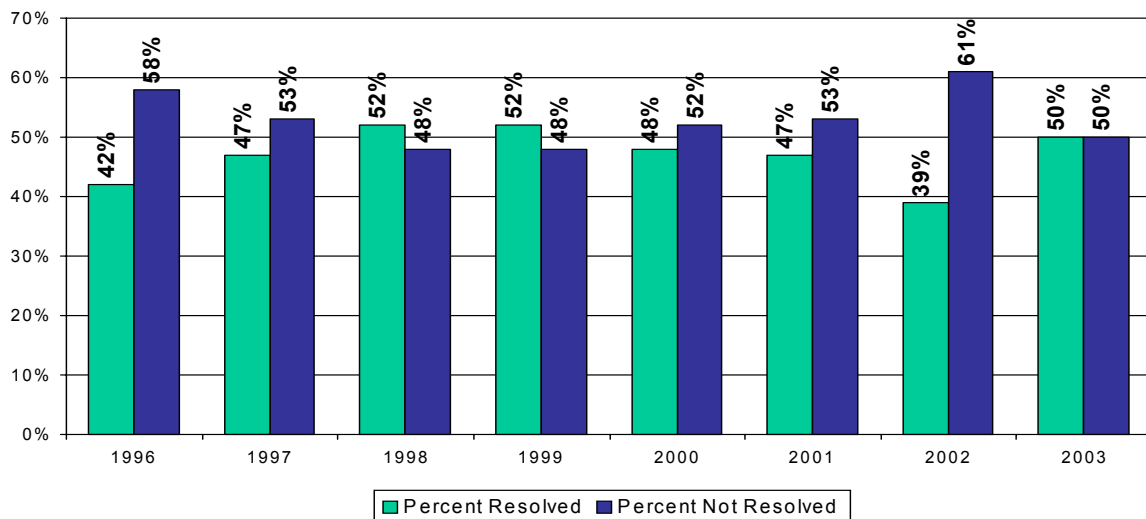
Average Redemption Amounts



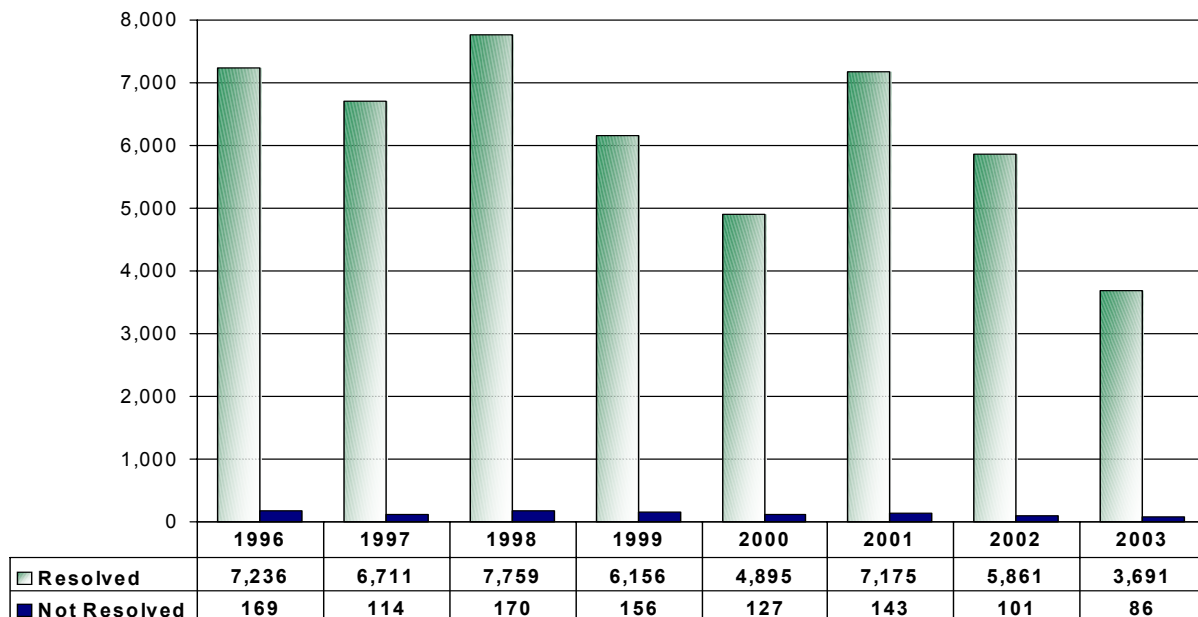
Statutory Mediation Dispositions

(Not including VR & Health Care Rule Hearings)

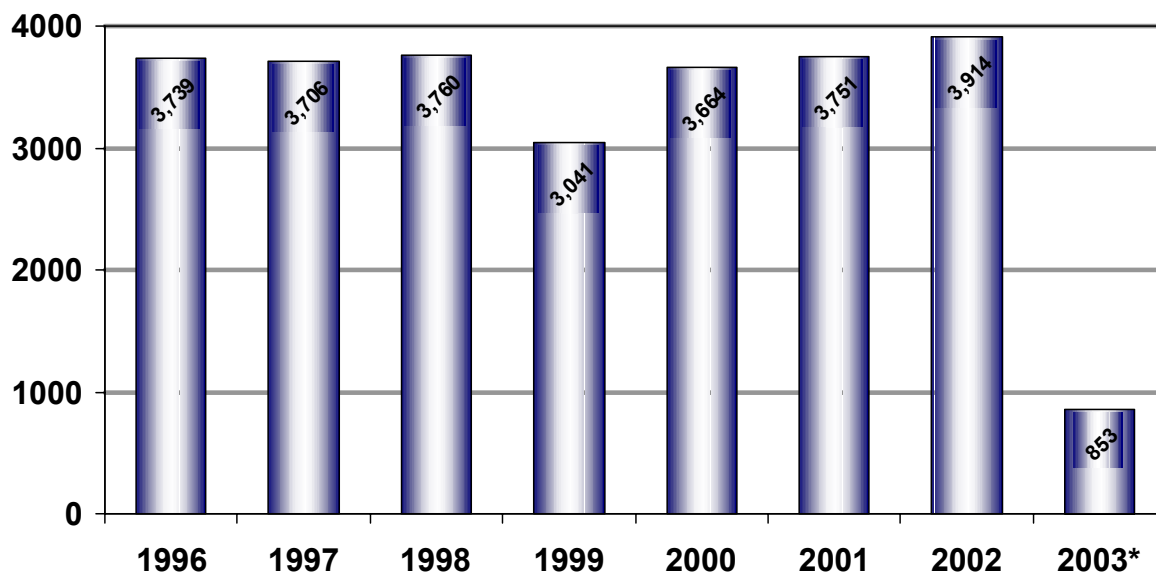
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Resolved | 3,686 | 3,757 | 3,958 | 4,402 | 3,926 | 3,255 | 2,631 | 1,628 |
| Not Resolved | 5,044 | 4,258 | 3,667 | 4,030 | 4,228 | 3,689 | 4,143 | 1,635 |



Health Care Rule Dispositions

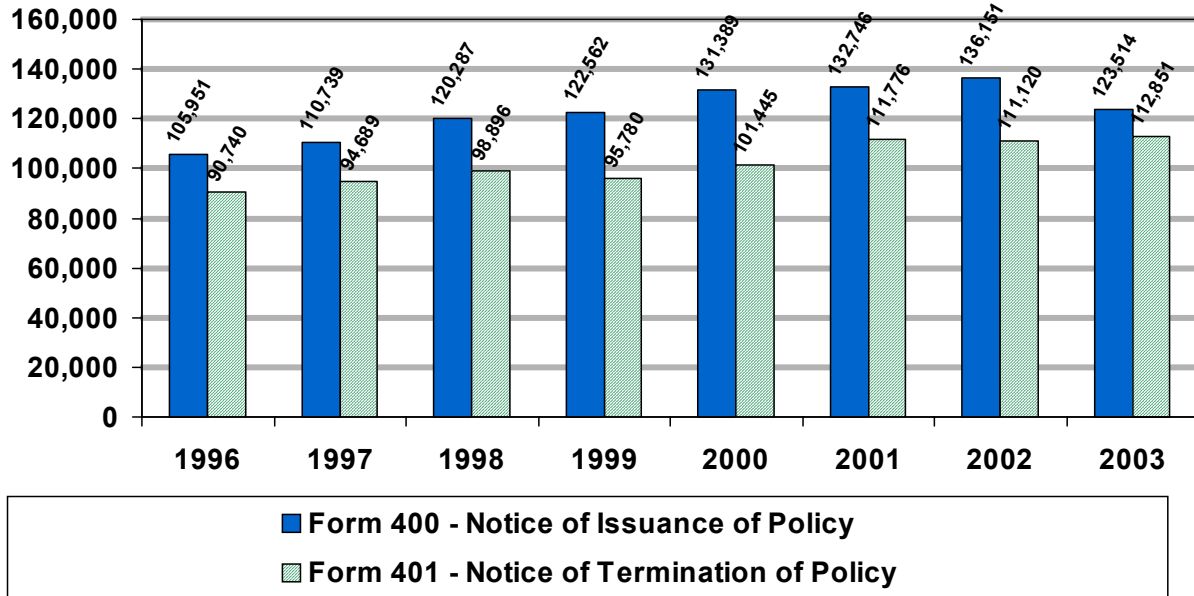


Vocational Rehabilitation Programs Closed by Return to Work

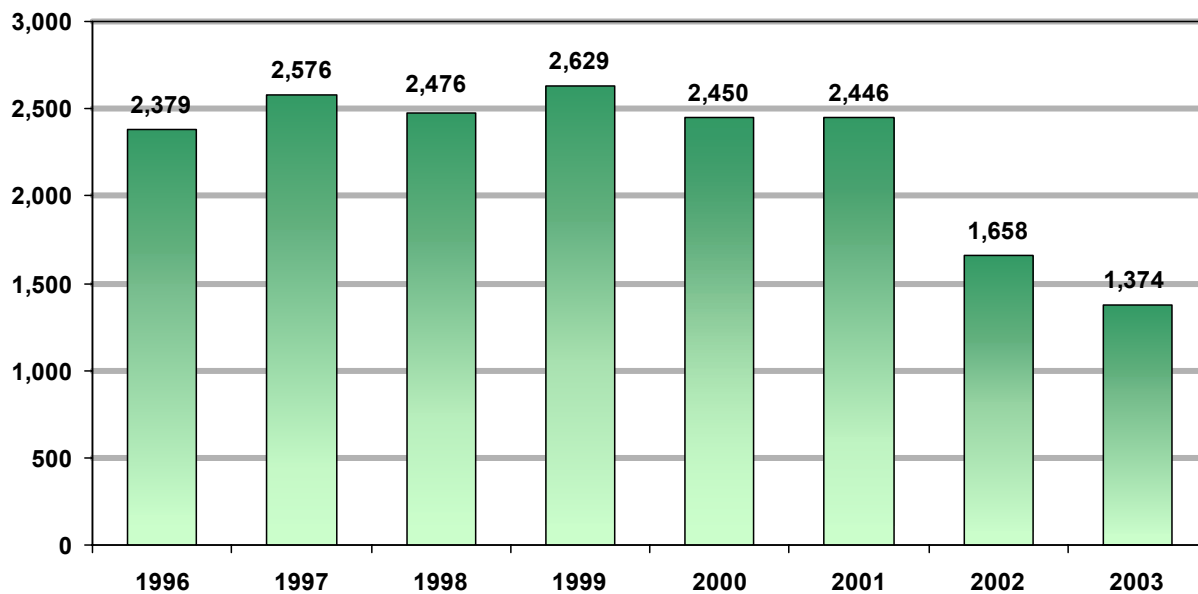


*Implemented new VR reporting system in 2003 and separated vocational rehabilitation statistics from medical management cases. Stats for 2003 only include VR cases.

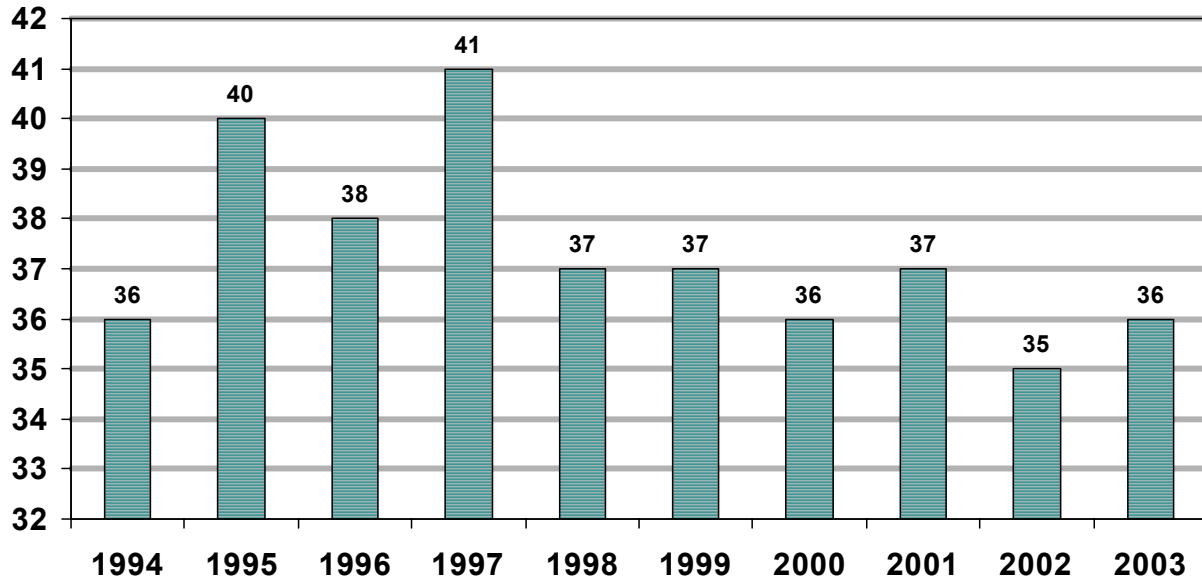
Forms 400 & 401 Received



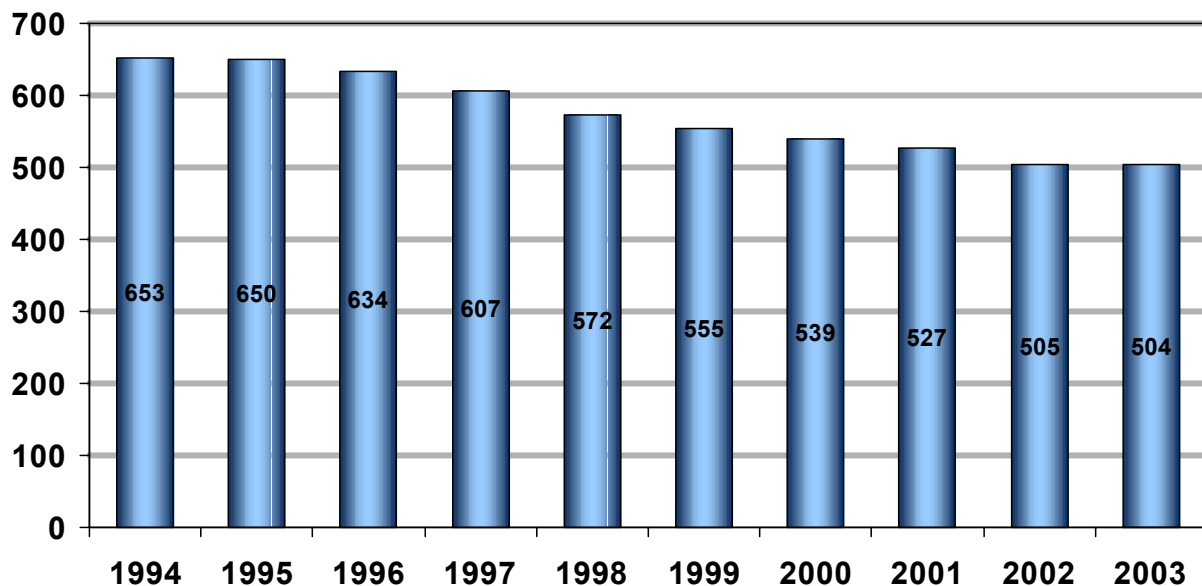
Exclusion Forms Processed



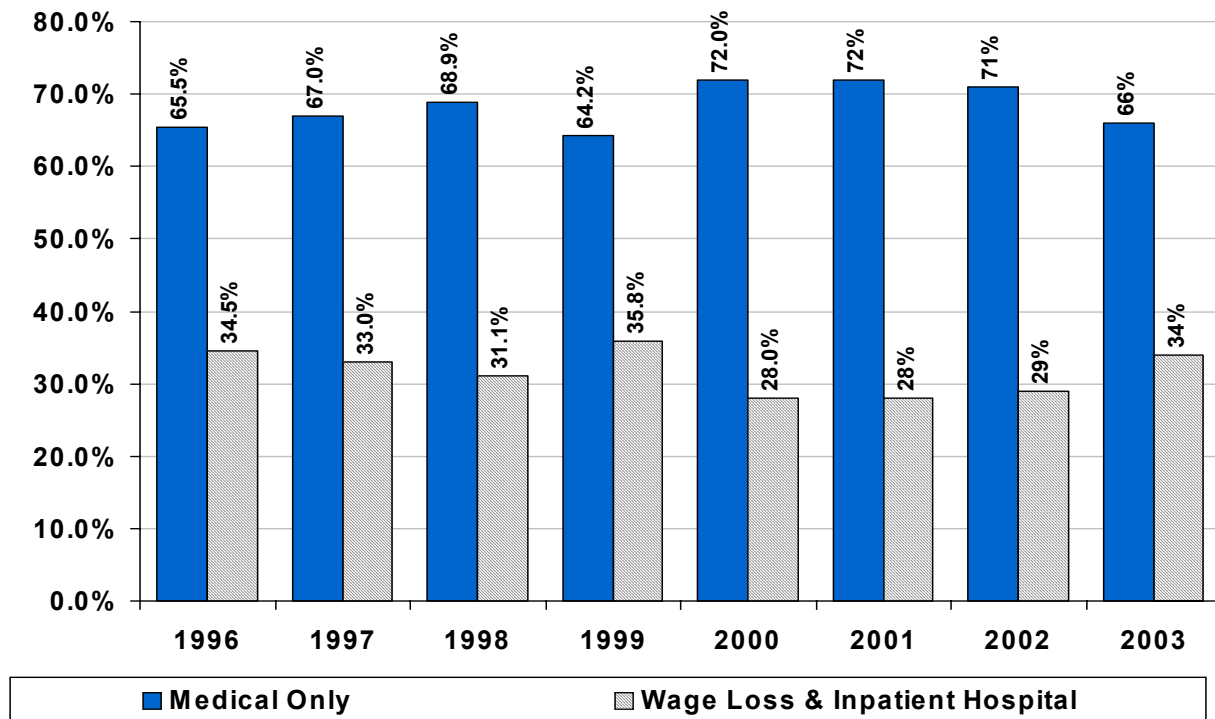
Number of Approved Self-Insured Groups



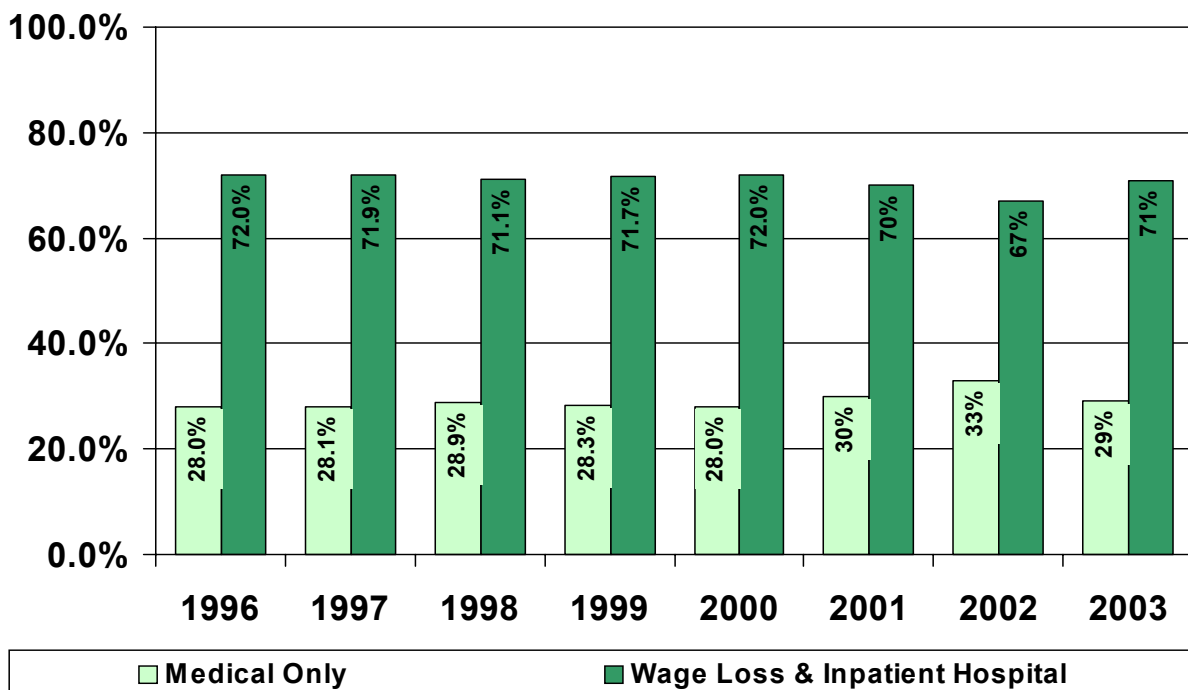
Number of Approved Individual Self-Insured Employers



Health Care Costs - Number of Cases



Health Care Costs - Amount Paid



WORKERS' COMPENSATION AGENCY ANNUAL HEALTH CARE COSTS 2000-2003

| TYPE OF CASE | JAN-DEC 2000 | JAN-DEC 2001* | JAN-DEC 2002 | JAN-DEC 2003 | JAN-DEC 2004 | JAN-DEC 2005 |
|----------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Medical Only | | | | | | |
| Number of Cases | 320,268 | 290,509 | 262,980 | 228,540 | | |
| Amount Paid | \$132,240,234 | \$142,459,851 | \$172,959,266 | \$155,305,063 | | |
| Cost/Case | \$413 | \$490 | \$658 | \$680 | | |
| Wage Loss | | | | | | |
| Number of Cases | 122,364 | 115,129 | 104,883 | 120,010 | | |
| Amount Paid | \$339,527,653 | \$338,968,128 | \$348,597,832 | \$378,525,932 | | |
| Cost/Case | \$2,775 | \$2,944 | \$3,324 | \$3,154 | | |
| TOTAL | | | | | | |
| Number of Cases | 442,632 | 405,638 | 367,863 | 348,550 | | |
| Amount Paid | \$471,767,887 | \$481,427,978.44 | \$521,557,098 | \$533,830,995 | | |
| Cost/Case | \$1,066 | \$1,187 | \$1,418 | \$1,532 | | |
| % Of Total Cases-Med Only | 72% | 72% | 71% | 66% | | |
| % Of Total Cases-Wage Loss | 28% | 28% | 29% | 34% | | |
| % Of Total Cost-Med Only | 28% | 30% | 33% | 29% | | |
| % Of Total Costs-Wage Loss | 72% | 70% | 67% | 71% | | |

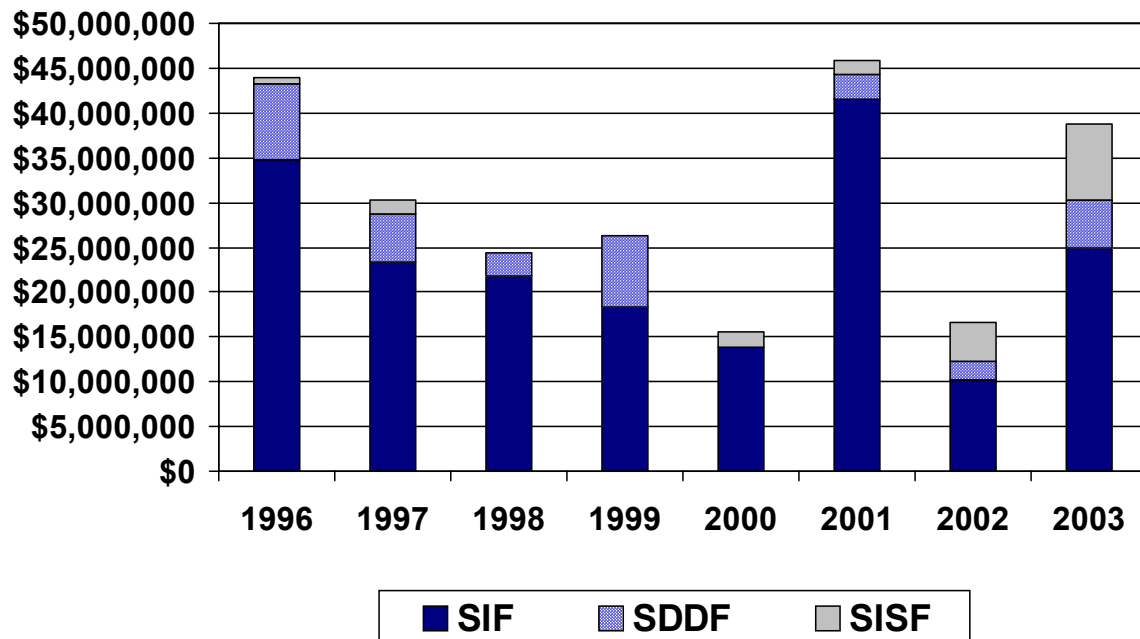
FIGURES REPRESENT PAYMENTS MADE IN ANY GIVEN ANNUAL REPORT PERIOD

(Semiannual Figures prior to 2000 available through Health Care Services Division)

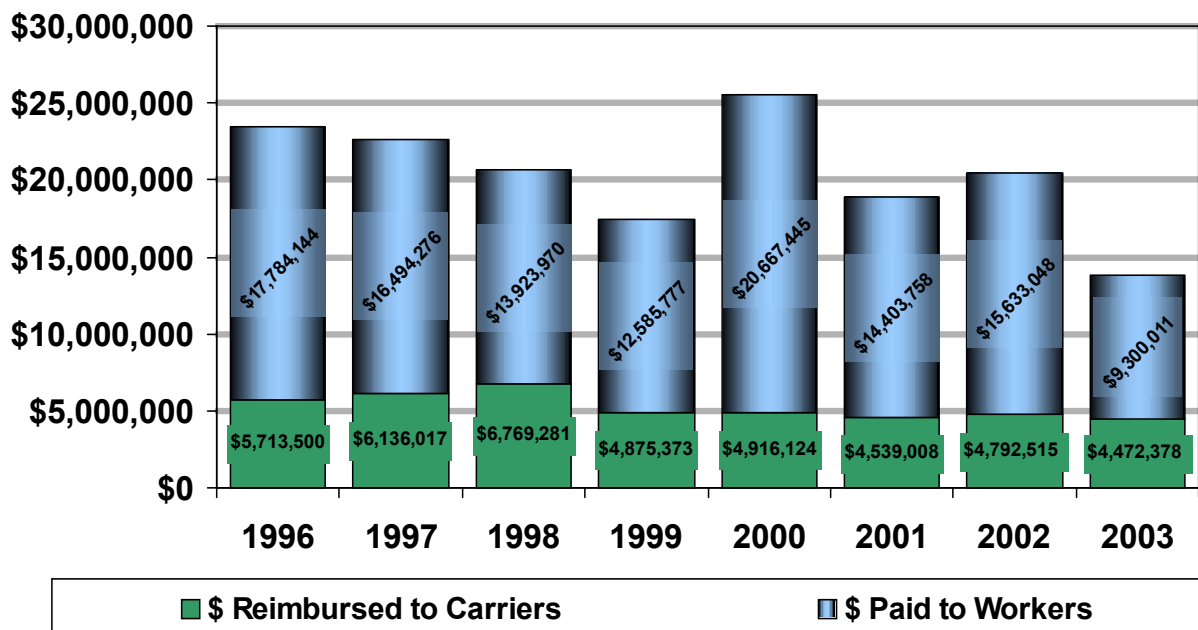
*Does not include Reliance Ins Group figures/Insolvent.

Revised: 03/17/04

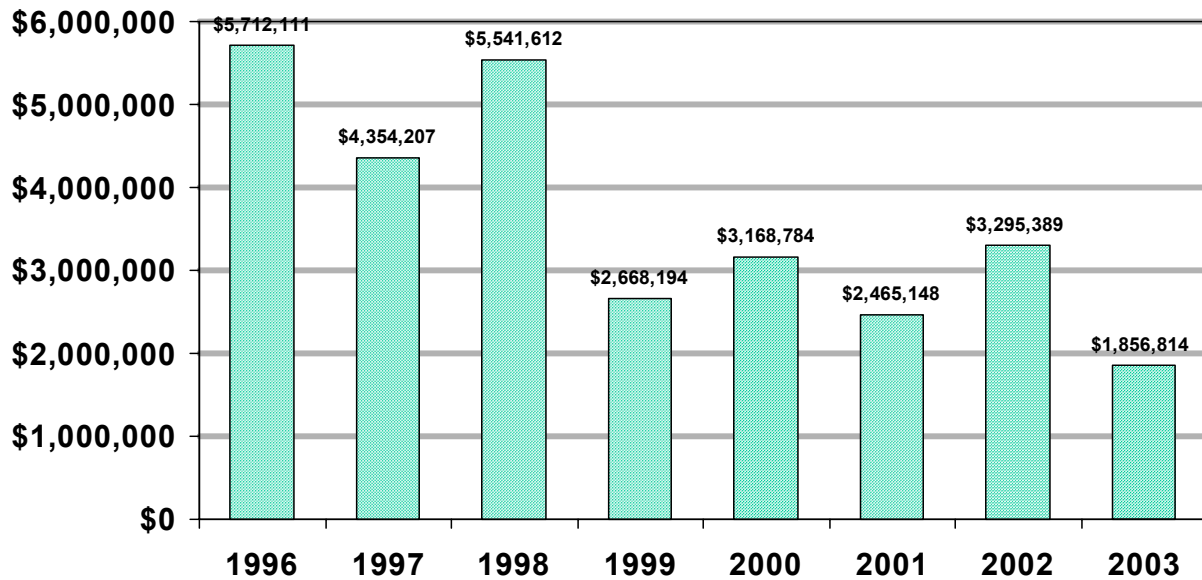
Funds Administration Assessments



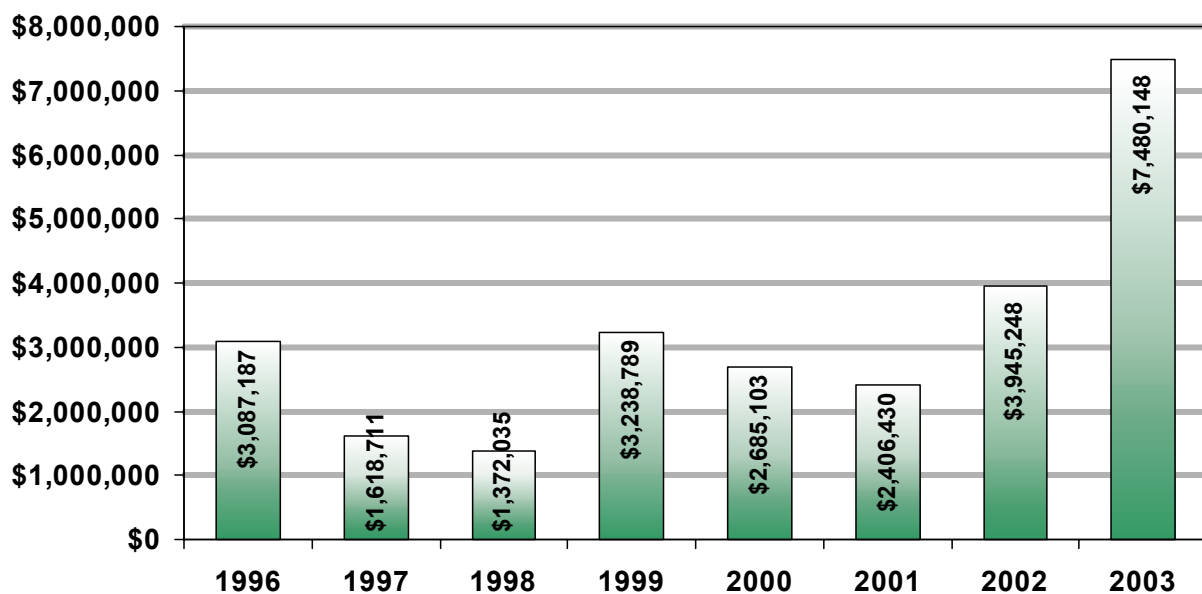
Benefits Paid Out by Second Injury Fund



Benefits Reimbursed to Carriers and Redemptions by the Silicosis, Dust Disease and Logging Industry Compensation Fund

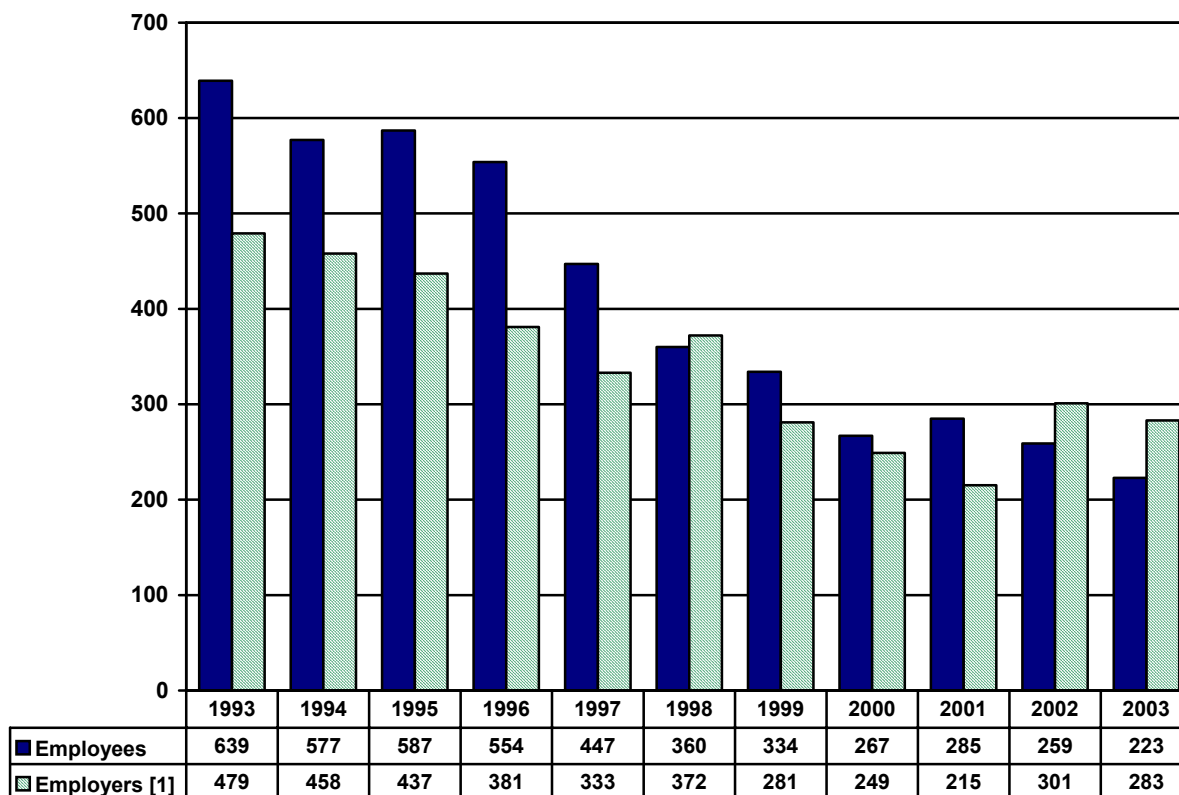


Benefits Paid to Workers by the Self-Insurers' Security Fund



Workers' Compensation Appellate Commission

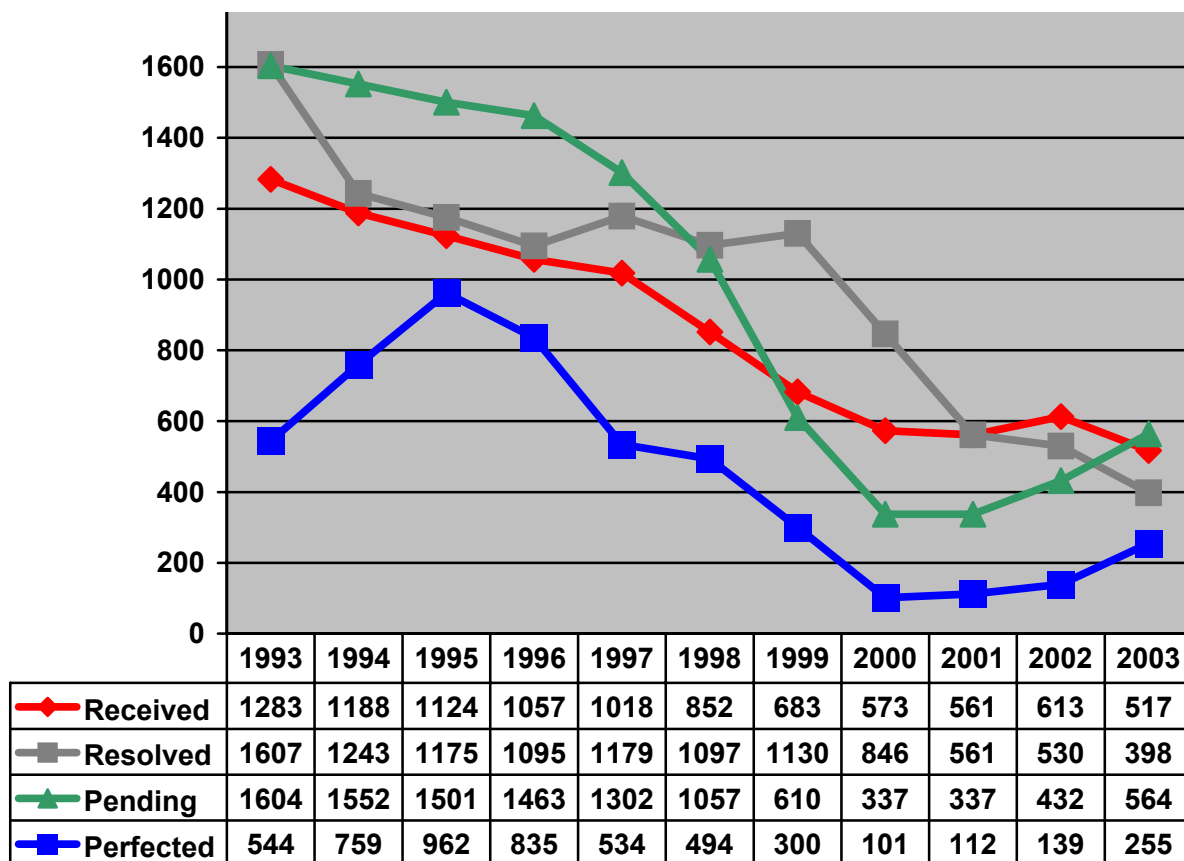
New Claims Filed by Employees/Employers



New Claims Filed by Employees/Employers

The number of claims filed by employees and employers is represented in this illustration. The number of employee and employer claims received in 2003 versus 2002 has decreased slightly. Employee claims peaked in 1993 with 639 claims being filed, with an overall low in 2003 of 223 claims, for a decrease of 65%. Employer claims peaked in 1993 with 479 claims being filed, with 283 claims received in 2003, for a decrease of 41%.

Workers' Compensation Appellate Commission Claim Activity: 1993 through 2003



Claims Background

The Appellate Commission inherited 139 Appeal Board cases after its legislative sunset in 1991. While there is a difference in the methods of review (i.e., Board claims required de novo (a new) review; Commission claims require consideration only of those issues that have been reviewed and decided at the lower level), here the cases have been incorporated indistinctively for statistical purposes. Enlightenment on factors fundamental to productivity in past years is provided as:

- 1993: Incorporated results of case inventory in claims pending.
- 1999: Edited to coincide with outcome of case inventory.

Received: Includes all new claims filed with the Commission as well as reinstatements and remands from the Michigan Court of Appeals and the Michigan Supreme Court.

Resolved: Includes all dispositive opinions, orders, redemptions and withdrawals.

Pending: This figure includes all pending appeals before the Commission at the end of 2003, including active appeals (claims received prior to 2003 and new claims received in 2003), higher court reinstatements, remanded cases where the Commission retained jurisdiction.

Perfected: All cases ready for review pending before the Commission (all required transcripts and briefs have been filed) awaiting disposition.

Publications

| Publication | Printed Copies Available from Agency | Information Available on Website |
|--|---|---|
| Workers' Disability Compensation Act | X | X |
| Administrative Rules | X | X |
| 1997 – 2003 Annual Reports | X | X |
| 1996 and Prior Year Annual Reports | X | |
| Overview of Workers' Compensation in Michigan | X | X |
| A Summary of Your Rights and Responsibilities Under Workers' Disability Compensation (Pamphlet) | X | X |
| Coverage Questions for Subcontractors, General Contractors, and Independent Contractors | X | X |
| Vocational Rehabilitation for Injured Workers (Pamphlet) | X | X |
| Approved Vocational Rehabilitation Facilities | X | X |
| Health Care Services Rules Order Form | X | X |
| 2003 Weekly Benefit Rate Book | X | |
| Calculation Program | X | X |
| Individual Self-Insured Employer List | X | X |
| Self-Insured Group List | X | X |
| Service Company List | X | X |
| Workers' Compensation Appellate Commission Opinions | X | X |
| Michigan Workers' Compensation Forms | X | Most forms |
| Funds Administration Overview | X | X |
| Website address: www.michigan.gov/wca | | |